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LETTER DATED 4 SEPTEMBER 1997 FROM THE CHARGE D'AFFAIRES A.I. OF THE PERMANENT MISSION OF IRAQ TO THE UNITED NATIONS ADDRESSED TO THE SECRETARY-GENERAL

On instructions from my Government, I have the honour to transmit to you herewith a letter dated 4 September 1997, in which the Minister for Foreign Affairs of the Republic of Iraq, Mr. Mohammed Said Al-Sahaf, describes the continuing difficulties and obstacles impeding proper implementation of resolution 986 (1995) and the memorandum of understanding.

I should be grateful if you would have this letter and its annex circulated as a Security Council document.

(Signed) Saeed H. HASAN
Chargé d'affaires a.i.

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Annex

Letter dated 4 September 1997 from the Minister for Foreign Affairs of Iraq addressed to the Secretary-General

I have the honour to refer to my letter dated 8 August 1997 (S/1997/629), in which I described in detail developments during the first period for the implementation of the procurement and distribution plan. Since that date, there has been little change in the situation. The secretariat of the Committee established by resolution 661 (1990) still has before it 57 contract applications which it has not yet processed for circulation to members of the Committee, even though they were registered a long time ago. Those applications are in addition to the 83 applications already on hold - placed on hold for flimsy reasons at the request of the representatives of the United States of America and the United Kingdom of Great Britain and Northern Ireland. They are also in addition to the 21 applications which the two aforementioned States got the Committee to cancel.

We have undertaken consultations with the Secretariat concerning your draft report to the Security Council under resolution 1111 (1997) concerning the first 90 days of the second period, and we continue to encounter the same difficulties and obstacles regarding the approval of contract applications as during the first period, together with delays in the delivery of humanitarian items to Iraq. Delivery of such items was the declared objective of Security Council resolution 986 (1995). Three months have already elapsed since the end of implementation of the first period, meaning that three months ago Iraq had pumped the full amount of petroleum indicated on 31 May 1997. Despite the many appeals and letters to you, neither the United Nations Secretariat nor the Committee established by resolution 661 (1990) nor its secretariat has shown any readiness to try to respond to our legitimate requests to expedite the contract application procedure and urge the representatives of the United States and the United Kingdom to lift the hold on procurement contracts for food, medicines and other basic humanitarian requirements.

I raise these questions with you, for you are the depositary of the memorandum of understanding and are directly responsible for proper implementation of its provisions. The memorandum was signed by the Secretariat. Iraq is fulfilling all its obligations under its provisions and is cooperating with your representatives in Baghdad to implement them in a transparent and professional manner. The Secretariat, too, must assume its corresponding responsibilities and expose to all the members of the Committee established by resolution 661 (1990) in general, and to the representatives of the United States and the United Kingdom in particular, the consequences of the delay in delivering humanitarian items, as described in your draft report which we have discussed. The continuation of this situation and the negative attitude and obstructionism are incomprehensible and highly regrettable. We can only reaffirm that compensation and levies based on petroleum revenues have now become the objective of resolution 986 (1995), for we do not see any attention being paid on the humanitarian level to the delivery of items to Iraq, which was the purpose of the aforementioned resolution.

In Security Council circles, there have recently been communications and talk about the so-called mismanagement of the second period. The truth is that we have respected the provisions of the two relevant resolutions and of the memorandum of understanding as they relate to the beginning of the pumping of petroleum, in accordance with the schedule observed during the first period. The provisions of resolutions 986 (1995) and 1111 (1997) and of the memorandum of understanding, taken as a whole, stipulate that the volume of petroleum pumped will be such that the corresponding revenue will amount to $2 billion for the six-month period. The delivery of food, medicines and other supplies for essential civilian needs during the same period would correspond to that amount. Since that is what happened during the first period, the pumping of Iraqi petroleum began after the approval by the Secretary-General of the procurement and distribution plan, which is an essential element in the implementation of the memorandum of understanding. The pumping of petroleum during the first six-month period began in earnest, and began during the scheduled time-frame, despite the problems caused by the contract application procedure within the context of the procurement and distribution plan of the Committee established by resolution 661 (1990).

You will remember that you approved the procurement and distribution plan on 4 August 1997, and that marked the beginning of the pumping of petroleum for the second period. That is a natural and logical operation that will last six months as from that date. During the period referred to in the resolution and the memorandum of understanding, we look forward to an approval mechanism for contract applications submitted by companies and States entering into contracts with the relevant Iraqi parties, as well as to the import into Iraq of items covered by contracts during that period, and the removal of the obstacles encountered during the first period.

The interpretation which the United States and the United Kingdom are seeking to impose is purely formalistic and is based on the lack of linkage between resolution 986 (1995) and the memorandum of understanding on the one hand, and paragraph 1 of resolution 1111 (1997) on the other. The interpretation is neither correct nor realistic. It would mean that Iraq would have to pump the full amount of the petroleum authorized by the resolution in four months. As for the import of food, medicines and other items, the period would begin without any limits being fixed by the Security Council or the Committee established by resolution 661 (1990), the objective, according to the United States interpretation, being to apply the six-month condition to the export of Iraqi petroleum, but not to the import of humanitarian articles into Iraq. Iraq cannot accept that sinister interpretation, for the sale of petroleum for the purchase of food represents a deal whose two components are interdependent and complementary. It is inconceivable that one component could come into play while the other is blocked.

I hope that you understand Iraq's position on this question, and I ask you to intervene personally to bring the facts before the members of the Security Council so as to promote the objective of Security Council resolution 986 (1995) and the memorandum of understanding. I also hope that you will take the necessary measures to encourage the secretariat of the Committee established by resolution 661 (1990) to circulate to its members all the procurement contracts registered with the Committee, and that you will exert pressure on the

representatives of the United States and the United Kingdom to lift the hold placed on contract applications. Otherwise, we very much doubt that it will be possible to realize the humanitarian objectives of the memorandum of understanding.

I should be grateful if you would have this letter circulated as a Security Council document.

(Signed) Mohammed Said Al-SAHAF
Minister for Foreign Affairs of
the Republic of Iraq